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October 4, 2002

**SUMMARY OF
EX PARTE PRESENTATION**

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWA325
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-200, 95-116, 98-170 and NSD File No. L-00-72;

Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket Nos. 01-338 and 96-98;

Appropriate Framework for Broadband Access to the Internet over Wireline Facilities, CC Docket Nos. 02-33, 95-20, 98-10;

Appropriate Regulatory Treatment for Broadband Access to the Internet Over Cable Facilities, CS Docket No. 02-52, GN Docket No. 00-185;

Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; and

Inter-Carrier Compensation for ISP-Bound Traffic, CC Docket Nos. 99-68, 96-98.

Dear Ms. Dortch:

On October 3, 2002, on behalf of the United States Telecom Association (USTA), I met with William Maher, Chief of the Wireline Competition Bureau, and Jessica Rosenworcel, Legal Counsel to the Bureau Chief. During the meeting, we discussed the above-referenced proceedings.

With respect to the universal service contribution proceeding, I reiterated points raised by USTA in its filed comments and reply comments. In particular, any universal service contribution scheme must allow for a sufficient universal service support mechanism and must be competitively neutral as those interstate telecommunications services providers required to make contributions. I restated USTA's opposition to the contribution proposal of the Coalition for Sustainable Universal Service (CoSUS). This proposal violates Section 254(d) of the Telecommunications Act of 1996 and the requirement therein that every

Marlene Dortch
October 4, 2002
Page 2

telecommunications carrier that provides interstate telecommunications services shall contribute on an equitable and nondiscriminatory basis to a specific, predictable and sufficient universal service support mechanism established by the Commission. The CoSUS proposal fails to satisfy this statutory requirement. Further, I asked for a status report on the timing for a decision in this proceeding.

With respect to the Triennial Review proceeding, I emphasized that the FCC must apply a limiting standard pursuant to Section 251(d)(2) of the Telecommunications Act of 1996 as it considers the network elements that must be unbundled by incumbent local exchange carriers. In so doing, it must act in accordance with the instructions of the United States Supreme Court in *AT&T Corp. v. Iowa Utilities Board* and the U.S. Court of Appeals for the District of Columbia Circuit in *USTA v. FCC*. I also asked for a status report on the timing for a decision in this proceeding. It is important to USTA and its members that the Commission release a decision in this proceeding no later than the end of calendar year 2002.

With respect to the proceedings concerning high-speed access to the Internet over wireline and cable facilities, I stated the position that it would be lawful and consistent with Commission precedent for the Commission to adopt a bifurcated scheme for the regulatory classification of high-speed access to the Internet and allow larger carriers to provide such access as private carriage, or as part of an information service, and allow NECA-eligible carriers to provide such access as a common carrier service.

Finally, I observed that a number of petitions had recently been filed with the Commission that raised issues that were subsidiary to the Commission's primary inter-carrier compensation proceeding. I indicated that Commission action on these subsidiary matters in advance of the Commission action in the primary inter-carrier compensation proceeding could produce counter-productive results. I asked for a status report on when the Commission was likely to take further action in the primary inter-carrier compensation proceeding. I further inquired about the status of the remanded reciprocal compensation matter (inter-carrier compensation for ISP-bound traffic).

Marlene Dortch
October 4, 2002
Page 3

In accordance with Section 1.1206(b)(2) of the Commission's rules, this letter is being filed electronically with your office. Please feel free to contact me at (202) 326-7300 if you have any questions.

Sincerely,

/s/ Lawrence E. Sarjeant

Vice President – Law
and General Counsel

cc: William Maher
Jessica Rosenworcel